

STATE OF MONTANA

EASTERN MONTANA IMPACT AND INFRASTRUCTURE PROJECT

Exhibit 8

Governor Steve Bullock | Lt. Governor Angela McLean

PROPOSED GRANT PROGRAM

\$45 million in grants, financed through state bond proceeds, will be made available for the 2015 biennium through a new program at the Department of Commerce to affected cities, towns, tribal governments and water and sewer districts to provide adequate water and wastewater services to communities experiencing rapid growth as a result of oil and gas development in the Bakken region.

ELIGIBLE PROJECTS

Projects may include planning and design, repairs, improvements, enhancements, expansions or deferred maintenance on an existing (or construction of a new) water or wastewater system. Grant funds may also be used to repay existing debt incurred on or after July 1, 2011 for water or wastewater projects already underway or completed.

FUNDING SOURCE

Bond financing will allow the state to use its sterling bond rating to raise money for long-term facility and infrastructure projects. With today's historically low interest rates, using bond financing costs the state less money in interest over the life of the bond. This will also avoid any short- and long-term impacts on the state's general fund resulting from the diversion of other sources of general fund revenue.

QUICK START GRANT PROGRAM

Applications for grant funding will be streamlined and available immediately following appropriation of funds to the program by the Legislature. The first round of awards will be announced in summer 2015.

STATE REVOLVING LOAN FUND

Through immediate changes already made to State Revolving Loan Fund (SRF) loan programs, short-term interim construction loans to impacted communities are now available at an interest rate of 1.25 percent, and long-term construction loan interest rates have been reduced from 3% to 2.5%. The SRF program is co-managed by the Department of Environmental Quality (DEQ) and the Department of Natural Resources and Conservation (DNRC). DEQ provides engineering and technical assistance that ensures water quality and proper system design. DNRC provides the financial services for the program through the sale of state bonds and financing terms with local governments.

IMMEDIATE IMPACT

Water and sewer ratepayers in communities that take advantage of the SRF construction loan programs will realize immediate cost savings over other potential financing options. Combined with a reduction in the amount of reserves and debt service coverage required by the SRF program, these interest rate reductions changes will result in \$29 million savings for Montana ratepayers.

TECHNICAL ASSISTANCE

RAPID RESPONSE TEAMS

Customized teams of technical assistance providers, dubbed "Rapid Response Teams" will be created according to the needs of the local entity and focus on land use planning, engineering design and review, affordable housing, and assistance with obtaining financing through the new Eastern Montana Impact and Infrastructure Grant program as well as other funding programs.

The Rapid Response Teams will be made up of experienced staff from the Departments of Commerce, Environmental Quality (DEQ), and Natural Resources and Conservation (DNRC). Each of these agencies addresses a different area of expertise but has many years of experience coordinating together to assist local communities in meeting their public infrastructure needs.

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